



Department of Justice

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AT
(202) 616-2771
TDD (202) 514-1888

**JUSTICE DEPARTMENT AGREES TO CHANGES TO 1979 COFFEE,
SUGAR & COCOA EXCHANGE CONSENT DECREE**

WASHINGTON, D.C. -- Due to changes in the sugar industry, the Department of Justice today agreed to three proposed amendments to a 1979 consent decree under which the Coffee, Sugar & Cocoa Exchange Inc. publishes the world spot price for raw sugar.

The proposed changes to the consent decree eliminate procedures to determine the domestic spot price for raw sugar. The amendments also modify the current procedures for determining the world spot price of raw sugar.

Since the exchange stopped calculating domestic spot prices in 1985, and because the exchange wanted to incorporate a fail-safe procedure to be used when freely traded sugar prices are not available, the Department said that the changes to the consent decree were appropriate. The proposed amendments must still be approved by the U.S. District Court for the Southern District of New York.

In 1977, the Department filed a civil antitrust case charging that the exchange had caused its spot quotations for raw cane sugar to be set on a subjective rather than an objective basis. The case was resolved by a consent decree designed to

ensure that the exchange calculated the domestic and world spot price for raw sugar based on objective information.

Under the 17-year old consent decree, the exchange, formerly the New York Coffee and Sugar Exchange Inc., established rosters of individuals drawn from four categories of firms. Every day, the exchange randomly selects individuals from each category and solicits their expert opinions regarding the relationship between the price of raw cane freight on board sugar, known as "F.O.B. sugar" and the price of raw sugar under the exchange's futures contract. F.O.B. sugar is the price of sugar loaded for shipment. Using a set formula, the exchange then calculates the spot price for raw sugar based on this information.

The exchange has proposed three amendments that take into account changes in the markets for world and domestic sugar, including:

- eliminating the procedures for determining the spot price of domestic raw cane sugar;
- adding a fifth category of individuals to the world roster; and
- creating a procedure to determine the spot price for world raw sugar on days when F.O.B. sugar is not freely traded.

The proposed new procedure for setting the world raw sugar spot price is a fail-safe mechanism to be used when no price for freely traded F.O.B sugar is available. Should this circumstance arise, the world raw sugar spot price would be calculated based on the price of "C&F sugar" to certain Asian destinations. C&F sugar is the price of sugar shipped to a designated place. The proposed procedures are similar to the procedures the exchange currently uses to make spot price determinations based on the

price of F.O.B. sugar. In addition, they contain a mechanism to determine when to resume price calculations on an F.O.B. sugar basis.

Copies of the consent decree and the proposed amendments are available for inspection in Room 3630, U.S. Department of Justice, Antitrust Division, 26 Federal Plaza, New York, New York.

Interested persons may address comments to Ralph T. Giordano, Chief, New York Office, U.S. Department of Justice, 26 Federal Plaza, Room 3630, New York, New York 10278, (212) 264-0390. Comments must be postmarked no later than December 18, 1996.

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